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Narcotics Control and the Upper Huallaga Valley

Peru is the source country for about one-half of the illicit coca used to produce the world's supply of cocaine. The country's present government has committed itself publicly to tackling this problem, with the objective of reducing coca production to levels needed to supply the traditional domestic chewing, and the legitimate pharmaceutical and flavoring markets. Coca production for other purposes is, indeed, illegal under current Peruvian law, but the legal restrictions are not enforced.

The majority of the illicit coca grown in Peru comes from the Upper Huallaga Valley, on the eastern slopes of the Andes, northeast of Lima. This is not a traditional growing area, and the large bulk - if not all - of the coca grown here is both of relatively recent origin and cultivated for conversion into coca paste or base for illegal export purposes.

Starting in 1979, AID and the State Department's Bureau of International Narcotics Matters (INM) began to look at the Upper Huallaga Valley to see what tack would be the most appropriate to encourage and assist the GOP to address the problem of the rapidly increasing illegal coca cultivation in that area.

INM had for several years been engaged in Peru in a variety of individual narcotics control projects, primarily designed to help improve Peruvian enforcement agencies' capabilities to interdict illicit shipments of coca paste, base, and cocaine and track down and prosecute traffickers. However, with the developing consensus in INM that the most effective way to combat the illegal drug problem abroad was to try to reduce production at the source, and the recognition of the increasing importance of the Upper Huallaga Valley as a source of illicit coca, INM decided to start focussing an increasing amount of its limited resources on the Valley. It's first goal was to help the Guardia Civil develop a semi-autonomous anti-narcotics unit (UMOPAR), headquartered in Tingo Maria, key population and commercial center of the Valley. Implementation of this goal is on schedule. The second goal was to get the GOP to initiate a comprehensive coca control (eradication) program, the ultimate objective of which is to eliminate all coca production in the Upper Huallaga Valley.

More or less simultaneously with the development of these INM goals and not unrelated to them, AID began similarly to focus some of its attention on the Valley. In 1979, AID

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contracted for a study of coca production in Peru and potential means of reducing it. The study concluded that such reduction appeared feasible and in 1980 a detailed study was begun for an AID project in the Upper Huallaga Valley. The later study was the basis for the design of project 527-0244 Upper Huallaga Area. In September, 1981, a project agreement was signed under which AID committed $15 million in loan funds with an additional $3 million in grant funds budgeted during the project's five-year life.

As part of an intentionally coordinated approach, State's INM also signed in September, 1981, an agreement with GOP for a five-year program of coca eradication in the area of the AID project. (While INM cannot commit funds for more than one year at a time, it has spoken to the GOP of expending approximately $15 million over this period, subject to congressional appropriation.) A Condition Precedent to initial disbursement under the AID project was the execution with the GOP of an agreed eradication action plan for the project area.

INM and AID are in complete agreement that continuing assistance to Peru in the anti-narcotics and developmental fields in relation to the Upper Huallaga Valley depends upon obtaining such a meaningful, explicit commitment to eradication and implementation of that commitment. On the Peruvian side, however, there is a strong feeling in some circles -- notably including the Ministry of Agriculture -- that significantly more development assistance than the currently committed $18 million is needed before the GOP can really engage in a comprehensive coca control program. Political opposition to eradication and economic and social disruption caused by it are typically cited as reasons why the "carrot" must be juicier. (The fact that an earlier $50 million version of the AID project was leaked to the GOP [and the Hill] complicates matters, and some Peruvians still let us know that they believe AID has not lived up to its commitment concerning the level of resources it will commit to Upper Huallaga development.) Other donors - notably the Italians and the UN Fund for Drug Abuse Control (UNFDAC), may enter the development picture in the valley, but it is premature to talk about specifics.

INM sought from the GOP a specific eradication plan, with benchmarks, as a part of its negotiation for an FY 1982 Project Agreement. That requirement was substantially met and the Pro/Ag was executed in September 1982. During FY 1983, INM will make quarterly progress reports based on these benchmarks.

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TALKING POINTS

- You are pleased that preliminary activities under the AID Upper Huallaga Valley project are well in train.

-We are approaching a stage in implementation of the AID project where some concrete action will be required on coca control to permit further AID activities.

- You want to remind the GOP that successful completion of the AID project is contingent upon the full implementation of the coca plan's objectives.

- (if asked) the initial AID Upper Huallaga project was scaled down from early drafts for a variety of reasons. The question of additional development funds is a legitimate one to explore in the future, and we are pleased to hear that other potential donors may be interested in this area.

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